

INTERMOUNTAIN POWER SERVICE CORPORATION

SPECIFICATIONS 45510

AND

CONTRACT DOCUMENTS 01-45510

MATERIALS AND SERVICES FOR HP TURBINE RETROFIT

CONTRACT ISSUED TO:

**ALSTOM POWER, INC.
2800 WATERFORD LAKE DRIVE
MIDLOTHIAN, VA 23112**

CONTRACT ADMINISTRATOR: James Nelson

Buyer: Ralph Newberry

Alstom Turbine Upgrade

CONTRACT AGREEMENT

THIS CONTRACT AGREEMENT, made and entered into this _____ day of _____ 20____, by and between the **INTERMOUNTAIN POWER SERVICE CORPORATION**, hereinafter called "IPSC", a nonprofit organization under contract to the Intermountain Power Agency (IPA), a political subdivision of the state of Utah, organized and existing under the Interlocal Co-Operation Act, Title 11, Chapter 13, Utah Code Annotated 1953, as amended, and **ALSTOM Power, Inc.**, with its principal office in Midlothian, Virginia, hereinafter called the "Contractor",

RESOLVES: IPSC has caused to be prepared, specifications and other Contract Documents for **Materials and Services for HP Turbine Retrofit utilizing the IPSC labor force for on-site installation** as herein specified; and

The said Contractor has submitted to IPSC a proposal in accordance with the terms of this Contract Agreement; and

IPSC has determined and declared the aforesaid Contractor to be the best responsible bidder for the said work and has duly awarded to the said Contractor a Contract therefor;

AGREEMENTS: In consideration of the compensation to be paid to the Contractor and of the mutual agreements herein contained, the parties to these presents have agreed and hereby agree, IPSC for itself and its successors, and the Contractor for itself and its permitted successors and assigns, as follows:

ARTICLE I: That the Contractor shall provide as specified and required in accordance with the provisions of the Contract Documents as defined in Article III of this Contract Agreement, and shall provide **Materials and Services for HP Turbine Retrofit utilizing the IPSC labor force for on-site installation** and covered by IPSC's award of this Contract to the said Contractor.

ARTICLE II: The Contractor shall be paid for services and materials embraced in this Contract, and the Contractor shall accept as full compensation therefor, according to the provisions of the Contract Documents as defined in Article III of this Contract Agreement, for all services and materials covered by and included in this Contract, designated in the foregoing Article I; payment to be made in cash or its equivalent in the manner provided in the specifications attached hereto.

ARTICLE III: That the term "Contract Documents" means and includes all of the following:

| PART | DIV | TITLE |
|--------------|--|-------------------------------|
| A | A1 | Notice Inviting Proposals |
| B | B1 | Instructions to Bidder |
| C | | Bidding Documents |
| | C1 | Proposal |
| | C2 | Proposal Schedule |
| | C3 | Additional Bid Information |
| D | D1 | Contract Documents |
| E | E1 | General Conditions |
| | E2 | Additional General Conditions |
| F | | Detailed Specifications |
| | F1 | Special Conditions |
| | F2 | Technical Requirements |
| Attachment 1 | ALSTOM Technical Description | |
| | Figure 1 - Unit 1, Benchmark Test Heat Balance | |
| | Figure 2 - Unit 2, Benchmark Test Heat Balance | |
| | Figure 3 - Unit 1, Operating Heat Balance | |
| | Figure 4 - Unit 2, Operating Heat Balance | |
| | Figure 5 - Unit 2, Load Profile | |

In case of conflict or inconsistency, the above listed Contract Documents shall prevail over other information submitted with Contractor's proposal.

IN WITNESS WHEREOF, the parties hereto have executed this Contract Agreement as of the day and year first above written.

INTERMOUNTAIN POWER SERVICE CORPORATION
850 West Brush Wellman Road
Delta, UT 84624-9546

S. Gale Chapman
President and Chief Operations Officer

Date

ALSTOM Power, Inc.
2800 Waterford Lake Drive
Midlothian, VA 23112

By: _____

Date

Title: _____

Approved as to form for IPSC:

Fabian & Clendenin
A Professional Corporation

By: _____

Date

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PART A - DIVISION A1

NOTICE INVITING PROPOSALS

The Intermountain Power Service Corporation (IPSC) invites sealed bids for furnishing **Materials and Services for HP Turbine Retrofit** in accordance with **Specifications 45510**, available in the Purchasing Office, Intermountain Generating Station, 850 West Brush Wellman Road, Delta, UT 84624-9546.

Proposals shall be submitted on IPSC's bidding forms. All Proposals shall be filed with the Buyer at the above address at or before 2:00 p.m. on **December 29, 2000**, at which time all Proposals will be publicly opened and read.

Proposals shall be subject to acceptance within and irrevocable for a period of thirty (30) calendar days after date of bid opening.

The right is reserved to reject any and all Proposals.

In the performance of any Contract awarded, the bidder shall not discriminate in employment practices against any employee or applicant for employment because of race, religion, national origin, ancestry, sex, age, or physical disability.

Dated: _____

Buyer

PART B - DIVISION B1

INSTRUCTIONS TO BIDDERS

1. Form, Signature, and Delivery of the Proposals: The bidder's Proposal shall be made on the yellow copy of the Bidding Documents. The specifications printed on white paper shall be retained by the bidder.

The bidder's name, address, and the date shall be stated in the Proposal. The Proposal shall be signed by the person authorized to bind the bidder.

The Proposal shall be enclosed in a sealed envelope, plainly marked in the upper left-hand corner with the name and address of the bidder. The envelope shall bear the words "Proposal for," followed by the specifications number, the title of the specifications, and the date and hour of bid opening.

If the Proposal is mailed, it shall be addressed as follows:

Purchasing Section
Intermountain Power Service Corporation
850 West Brush Wellman Road
Delta, UT 84624-9546

If the Proposal is sent by messenger, it shall be delivered to the Administration Building, Intermountain Power Service Corporation, 850 West Brush Wellman Road, Delta, UT.

2. Interpretations and Addenda: Should a bidder find discrepancies or omissions in the plans, specifications, or other documents, or should there be doubt as to their true meaning, the bidder shall submit to the Buyer a written request for an interpretation or clarification thereof. A request for addenda, interpretation, or clarification shall be delivered to the Buyer marked "Request for Interpretation" and will be received by the Buyer in time to permit a reasonable response before date of bid opening. Any interpretation of, or change in, the documents will be made only by addendum issued to each person to whom specifications have been issued and will become a part of any contract awarded. IPSC will not be responsible for any other explanation or interpretations.
3. Correspondence: All inquiries or correspondence to IPSC prior to award shall be addressed to the Buyer.
4. Changes or Alternatives: The bidder shall not change any wording in the documents. Any explanation or alternatives offered shall be submitted in a letter attached to the front of the Bidding Documents. Alternatives which do not substantially comply with IPSC's specifications cannot be considered. Language of negation or limitation of any rights, remedies, or warranties provided by law will not be considered part of the Proposals. Bids offered subject to conditions or limitations may be rejected.
5. Specified Materials or Equivalent: Whenever any particular material or process is specified by a patent or proprietary name, or by a trade or brand name, or by the name of a manufacturer, such wording is used for the purpose of describing the material or

DIVISION B1

INSTRUCTIONS TO BIDDERS

process, shall fix the standard of quality required, and shall be deemed to be followed by the words "or equivalent." The bidder may offer any material or process which shall be the equivalent of that so specified.

6. Language: Everything submitted by the bidder shall be written in the English language.
7. Sales or Use Taxes: Prices quoted by the bidder shall not include any applicable sales or use taxes, or Federal Excise Taxes.
8. Duties: Prices quoted by the bidder shall include all applicable duties.
9. Award of Contract: Any award of Contract will be made to the lowest and best regular responsible bidder. The determination as to which is the lowest and best regular responsible bidder may be made on the basis of the lowest ultimate cost of the overall project. The right is reserved to reject any or all Proposals.

Within thirty (30) calendar days after the date of award, the successful bidder shall sign the Contract supplied by IPSC. The Contract will be effective upon execution by IPSC.

10. Comparison of Bids: For the purpose of comparing bids, it will be based on the best overall evaluated bid and meeting the required delivery schedule.

PROPOSAL

The undersigned hereby proposes to furnish and deliver **Materials and Services** to the Intermountain Power Service Corporation in accordance with **Specifications 45510**.

The undersigned agrees, upon the acceptance of this Proposal, to enter into and execute a Contract consisting of the documents identified in Part D of said Specifications for furnishing and delivering the items embraced in the accepted Proposal at the prices named in the accompanying Proposal Schedule.

The undersigned declares under penalty of perjury that such Proposal is genuine, and not sham or collusive, nor made in the interest or in behalf of any person or entity not herein named, and that the bidder has not directly or indirectly induced or solicited any other bidder to put in a sham bid, or any other person, firm, or corporation to refrain from bidding, and that the bidder has not in any manner sought by collusion to secure for itself an advantage over any other bidder.

I declare under penalty of perjury under the laws of the state of Utah that the foregoing is true and correct.

Date : December 29, 2000

Bidder : ALSTOM Power Inc.

Address 2800 Waterford Lake Dr, 5309 Commonwealth Centre, Midlothian VA 23112

Signed By _____

(Authorized Signature)

Print Name : Greg Ferrara _____

Title : Director Turbine Retrofits

PART C - DIVISION C2**BIDDING DOCUMENTS - PROPOSAL SCHEDULE**

Proposal is hereby made to furnish and deliver to IPSC, F.O.B., 850 West Brush Wellman Road, Delta, Ut 84624, in accordance with Specifications 45510, the following: Materials and Services associated with the replacement of the HP Turbine Sections in both units.

BID TOTALS

| | <u>Unit 2 (2002)</u> | <u>Unit 1 (2003)</u> |
|--|--|----------------------|
| Price for Fully Assembled HP Turbine Section: | \$5,050,000 | \$4,000,000 |
| Price for Aligned/Partially Disassembled Section: | N/A | N/A |
| Price for Freight: | | |
| Fully Assembled: | Inc. Above | Inc. Above |
| Partially Assembled: | N/A | N/A |
| Contract Cancellation Cost: | | |
| If more than sixteen (16) months before ship: | N/A | 10% |
| Twelve (12) to sixteen (16) months before ship: | 10 - 25% | 10 - 25% |
| Ten (10) to twelve (12) months before ship: | 25 - 50% | 25 - 50% |
| Six (6) to ten (10) months before ship: | 50 - 85% | 50 - 85% |
| If less than six (6) months before ship: | 85 - 100% | 85 - 100% |
| Field Service Engineering: | Inc. Above | Inc. Above |
| (To include all labor, expertise, travel, expenses, and services) | | |
| Field Service Engineering - Unanticipated Work Hours: | | |
| Regular Hours: | \$136/hr | |
| Ten (10) to sixteen (16) Hrs/day: | \$204/hr | |
| Holidays: | \$272/hr | |
| Travel time: | \$At applicable rate | |
| Expenses/day: | \$180/day | |
| Turbine Internal Alignment Services: | \$45,000 | \$45,000 |
| (To include all labor, expertise, travel, expenses, equipment, and services) | | |
| Guaranteed HP Section Efficiency: | See Division F1, pages F1-4 & 5, Section 8 | |
| (Measured across both valves and HP section) | | |
| Guaranteed HP Section Wheel Power Output: | See Division F1, pages F1-4 & 5, Section 8 | |

Labor for Identified Turbine Work Scope:

| | | |
|-----------------------|-------|-------|
| Assembly/Disassembly: | _____ | _____ |
| Sandblasting: | _____ | _____ |
| Component Repair: | _____ | _____ |
| Other: | _____ | _____ |

| | | |
|-------------------------|-------------|-------------|
| *Total Budgetary Price: | \$1,210,000 | \$1,260,000 |
|-------------------------|-------------|-------------|

| | | |
|--|-----------|-----------|
| Price for Optional Retractable Packing: (Packing design must be approved by IPSC representative) | \$150,000 | \$125,000 |
|--|-----------|-----------|

| | | |
|----------------------------|----------------|-------------------|
| Guaranteed Delivery Dates: | March 01, 2002 | February 28, 2003 |
|----------------------------|----------------|-------------------|

Prices: The price or prices shall be firm *see above budgetary prices for installation.

Taxes: The foregoing quoted prices are exclusive of all applicable sales and use taxes.

Form of Business Organization: Bidder shall state below the form of its business organization.

Bidder is _____ (Corporation, Partnership, Limited Partnership,
Individual)

If a partnership, the bidder shall state below the names of the partners. If a corporation, the bidder shall state below the names of the president and of the secretary.

Person to Contact: Should IPSC desire information concerning this Proposal, please contact:

Name Greg Ferrara Telephone No. (804) 763-7713

Address 2800 Waterford Lake Drive, 5309 Commonwealth Centre, Midlothian, VA 23112

PART C - DIVISION C3**BIDDING DOCUMENTS - ADDITIONAL BID INFORMATION**

1. In addition to any other requirements, the Contractor shall provide the following information with the bid submittals:
 - a. A list of all components provided, with manufacturer part numbers and including component life expectancy.
 - b. Balance criteria to be imposed by Contractor.
 - c. Estimated shipping weight and installation weight of assembled HP.
 - d. Detailed explanation of methods and equipment to be used in performing turbine internal alignment.
 - e. List of any additional items which the Contractor will need IPSC to provide.
 - f. Resume and experience list for each Field Service Engineer, Technician, or other personnel to be involved in the IPSC based portions of the Work.
 - g. Detailed plan for any on-site inspection Work that must occur in advance of the installation, including the upcoming Unit 1 outage beginning March 5, 2001. The plan shall include all tasks assigned to IPSC and any equipment required in support of the inspection procedure.
 - h. Detailed, task-level outage schedule for HP retrofit. This schedule shall be prepared in two (2) forms:
 - (1) IPSC turbine mechanics, six (6) each, working six (6) days per week, two (2) shifts per day, and ten (10) hours per shift.
 - (2) Contractor supplied labor working seven (7) days per week, two (2) shifts per day, and twelve (12) hours per shift.
 - i. A list of any special tools required for installation or maintenance of the new HP section, including balance weight placement or casing guide pins.
 - j. A list of recommended spare parts associated with the HP section. The list shall include estimated life of each component and location/quantity of any Contractor warehoused stock of each item.

DIVISION C3

ADDITIONAL BID INFORMATION

- k. Applicable section of each code and/or standard used in development and design of the HP turbine section including:
 - (1) ASTM - Materials Standards.
 - (2) ASME - Performance and Construction Standards.
 - (3) AISI - Materials Standards.
 - (4) ISO - Balance Standards (or applicable international standard.)
- l. The Contractor shall submit a required payment schedule for the term of the Contract. The schedule shall clearly identify each payment to be made, the time of each payment after award, and the associated percentage of base bid.
- m. The Contractor shall submit a detailed HP-IP training class agenda for a one (1) week, forty (40) hour class for approximately thirty (30) personnel. The agenda shall cover all aspects of the HP-IP overhaul/retrofit including alignment.
- n. The Contractor shall submit detailed information with a diagram showing type and location of erosion-resistant treatment throughout the steam path.

PART D - DIVISION D1

CONTRACT DOCUMENTS

The documents listed in the Table of Contents, the reference specifications, any documents listed below, and the bidding documents as expressly agreed to by IPSC and ALSTOM shall constitute the Contract. Said documents are complimentary and require complete and finished Work. Anything shown or required of the parties in any one or more of said documents shall be as binding as if contained in all of said documents.

In event of any conflict between or among the Contract documents the following order of precedence shall apply:

1. General Conditions
2. Additional General Conditions
3. Detailed Specifications - Special Conditions
4. Detailed Specifications - Technical Requirements (Attachment 1)

Preprinted terms, conditions, or other requirements contained on the face or reverse side of any Purchase Order form or other document supplied by either party hereto shall not apply. The parties shall not be allowed to take advantage of any error, discrepancy, omission, or ambiguity in any document, but shall immediately report to the Chief Operations Officer, in writing, any such matter discovered. The Chief Operations Officer will then decide or correct the same and the decision shall be final subject to ALSTOM's right to protest the decision as stated in Article 12, Protests and Claims of the General Conditions.

PART E - DIVISION E1**GENERAL CONDITIONS**

1. **Definitions:** The following words shall have the following meanings:
 - a. **Affiliated Company:** A company which directly or indirectly controls, or is controlled by, or is under common control with ALSTOM. At its discretion, ALSTOM may purchase equipment and material from affiliated companies or utilize personnel who are employees of affiliated companies in the provision of Work hereunder, and may subcontract Work to affiliated companies. Affiliated companies shall not however, be under legal obligation to IPSC, IPA, or the Operating Agent in connection with such Work, and IPSC, IPA, and the Operating Agent agree that it will look solely to ALSTOM as the responsible party in connection with all equipment, material and Work to be furnished hereunder.
 - b. **ALSTOM:** ALSTOM Power Inc., Turbine Generator Division, to whom the Contract is awarded.
 - c. **Buyer:** The Purchasing Agent for IPSC.
 - d. **Chief Operations Officer:** The President and Chief Operations Officer of IPSC or designated representatives acting within the limits of their authority.
 - e. **Contract Administrator:** The IPSC employee designated by the Chief Operations Officer with primary responsibility for administration of the Contract or designated representatives acting within the limits of their authority.
 - f. **Contract Price:** The total sum stated in the Contract for which ALSTOM shall be paid by IPSC.
 - g. **Contractor:** The person, firm, or corporation to whom the Contract is awarded.
 - h. **Directed, Required, Approved, Etc.:** The words *directed, required, approved, permitted, ordered, designated, prescribed, instructed, acceptable, accepted, satisfactory*, or similar words shall refer to actions, expressions, and prerogatives of the Contract Administrator, unless otherwise expressly stated. The Contract Administrator shall exercise such prerogative reasonable and in accordance with the terms of the Contract.
 - i. **Gallon:** Liquid volume of 231 cubic inches at 60 degrees Fahrenheit.
 - j. **IPA:** Intermountain Power Agency, the owner of IPP, and a political subdivision of the state of Utah, organized and existing under the Interlocal Co-operation Act, Title 11, Chapter 13, Utah Code Annotated 1953, as amended.
 - k. **IPP:** Intermountain Power Project, consisting of Intermountain Generating Station, Intermountain Railcar, Intermountain Converter Station, Adelanto Converter Station, Intermountain AC Switchyard and associated transmission lines, microwave stations, and support facilities.

DIVISION E1

GENERAL CONDITIONS

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- l. IPSC: Intermountain Power Service Corporation, a nonprofit corporation, furnishing personnel to support the Operating Agent in the performance of operation and maintenance.
 - m. Operating Agent: The city of Los Angeles Department of Water and Power (LADWP) which is responsible for operation and maintenance for IPP.
 - n. Reference Specifications: Those bulletins, standards, rules, methods of analysis or test, codes, and specifications of other agencies, engineering societies, or industrial associations referred to in these specifications. These refer to the latest edition, including amendments published and in effect at the date of advertising these specifications, unless specifically referred to by edition, volume, or date.
 - o. Subcontractor: A person, firm, or corporation, other than ALSTOM and employees thereof, who supplies labor or materials on a portion of the Work.
 - p. Ton: The short ton of 2000 pounds.
 - q. Work: Materials, labor, and equipment to be furnished under this Contract.
- 2. Materials and Work: All materials and Work shall comply with these specifications. All materials and equipment furnished shall be new and unused, but this requirement shall not preclude the use of recycled materials in the manufacturing processes. All Work shall be done by qualified workers in a thorough and workmanlike manner. Materials or workmanship not definitely specified, but incidental to and necessary for the Work, shall conform to the best commercial practice for the type of Work in question.
 - 3. Nondiscrimination: The applicable provisions of Executive Order No. 11246 of September 24, 1965, and Bureau of Land Management regulations pertaining to nondiscrimination in employment in the performance of contracts, are incorporated herein by reference, and made a part hereof as if they were fully set forth herein. During the performance of this Contract, ALSTOM shall not discriminate in its employment practices against any employee or applicant for employment because of the employee's or applicant's race, religion, national origin, color, pregnancy, sex, age, or physical handicap. All subcontracts awarded under any such contract shall contain a like nondiscrimination provision.
 - 4. Governing Law: This Contract shall be governed by the substantive laws of the state of Utah, regardless of whether rules on the conflict of laws that would cause a court to look to the laws of any other state. Any action, in law or in equity, concerning any alleged breach of or interpretation of this Contract, or concerning any tort in relation to this Contract or incidental to performance under this Contract, shall be filed only in the state or federal courts located in the state of Utah.
 - 5. Patents: ALSTOM shall fully indemnify IPSC, IPA, and the Operating Agent against any and all liability whatsoever by reason of any alleged infringement of any patent on any article, process, method, or application used in the construction of the Work, or by

reason of use by IPSC of any article or material furnished under this Contract. In case of infringement of any third party intellectual property ALSTOM shall, at its own expense, subject to the provisions of this clause, either procure for such indemnified party an irrevocable, royalty-free license to continue using such article, process, method or application, or, provide substantially equal but non-infringing articles or modify such infringing article, process or method of application so that they become non-infringing, provided that no such replacement or modification shall in any way amend or relieve ALSTOM of its warranties and guarantees set forth in this Contract. In the event of any claim being made or action brought against ALSTOM arising out of matters referred to in this clause, ALSTOM shall be promptly notified and may at ALSTOM's own expense conduct all negotiations for the settlement of the same and any litigation that may arise therefrom.

6. ALSTOM's Address and Legal Service: The address given in the Proposal shall be considered the legal address of ALSTOM and shall be changed only by written notice to IPSC. ALSTOM shall supply an address to which certified mail can be delivered. The delivery of any communication to ALSTOM personally, or to such address, or the depositing in the United States Mail, registered or certified with postage prepaid, addressed to ALSTOM at such address, shall constitute a legal service thereof.
7. Assignment of Contract Prohibited: Neither party shall assign or otherwise attempt to dispose of this Contract, or of any of the monies due or to become due thereunder, unless authorized by the prior written consent of the Chief Operations Officer and ALSTOM, such authorization not to be unreasonably withheld. No right shall be asserted against IPSC, IPA, or the Operating Agent, in law or equity, by reason of any assignment or disposition unless so authorized.

If either party, without such prior written consent, purports to assign or dispose of the Contract or of any interest therein, the other party, at its option, may terminate the Contract, and shall be relieved and discharged from any and all liability and obligations to the party in non-compliance with the requirements hereof, and to any assignee or transferee thereof. Such termination shall not waive or relieve either party's obligations to make payments due hereunder for Work performed.

Notwithstanding anything to the contrary in this Contract, ALSTOM may assign any amounts due to it under this Contract to a special purpose account as part of its participation in an Asset Backed Securitization Program without notice to or the consent or approval of the other party hereto. No such assignment by ALSTOM shall constitute an event allowing for termination of this Contract. No such assignment by ALSTOM shall reduce, change, or modify any right of IPSC under this Contract.

8. Quality Assurance: All materials or equipment furnished and delivered under the Contract will be subject to rigorous inspection by the Contract Administrator. Before offering any material or equipment for inspection or testing, ALSTOM shall eliminate all items which are defective or do not meet the requirements of the specifications. If any items or articles are found not to meet the requirements of the specifications, the lot, or any faulty portion thereof, may be rejected. The fact that the materials or equipment have been inspected, tested, or accepted by the Contract Administrator shall not relieve ALSTOM of responsibility in case of later discovery of flaws or defects.

Notwithstanding the above, ALSTOM shall implement a quality assurance program addressing all phases of design, manufacture, installation, and startup of the HP turbine section. The purpose of the HP section Q/A program is to ensure that:

- a. Design documents, drawings, specifications, quality assurance procedures, inspections procedures, and purchase documents are maintained current, accurate, and under control.
- b. The purchased materials, equipment, and services conform to the requirements of these documents.
- c. Receipt inspections, in-process inspections, examination, and testing are complete and appropriate.
- d. Subcontracted Work is adequately inspected and monitored.
- e. Special processes such as welding, heat treating, hot forming, and NDE are of adequate quality.
- f. Welders and NDE personnel are adequately qualified.
- g. Nonconforming equipment and materials are properly documented, controlled, and dispositioned.

IPSC shall have full access, at all times, to the quality assurance procedures, instructions, and nonconforming reports applicable to the equipment and materials furnished under this Contract.

As part of the quality assurance program, ALSTOM shall provide updated information to IPSC, as needed, regarding the manufacturing locations of each major component, all tests to be performed on each component and assembly, and shall list the individuals with respective phone numbers who will be in charge of quality verification at each site.

ALSTOM is certified by Lloyds Register Quality Assurance as having a Quality Assurance System which is compliant with the requirements of BS EN ISO 9001:1994.

This section explains briefly (1) how ALSTOM's various systems relate to each other, and (2) how their customer contract specific requirements are identified and fulfilled.

- a. **Quality System:** The overall company quality system is controlled by the Company Quality Assurance Manual. This shows how the quality management system is organized to comply with the ISO 9001 requirements, section by section.
 - (1) In order to ensure compliance with the requirements of the Quality Assurance Manual, there are documented General Quality Procedures for each aspect of the business, covering the Commercial, Design, Manufacturing Construction, etc., functions. These General Procedures set the framework within which each local department must operate.

- (2) Each local department operates to a series of Detailed Application Procedures. These describe, in detail, the ways in which Quality related tasks are carried out in the department.

Each of the three (3) interrelated levels described above is written with the objective of ensuring strict compliance with the ISO 9001 Quality objectives. The Company is regularly audited, both by internal audit teams, and also by independent external Auditors.

- b. **Quality Definition:** The scope of a contract is identified in a number of elements which together define the product.

Such elements may consist of, but not be limited to:

- Drawings
- Specifications
- Technical Instructions
- Work Instructions
- Purchase Orders
- Subcontracts
- Quality Control Plans (PQR's)
- Quality Control Operations Submitted to Customer (AQSC's)

- c. **Quality Control:** At each stage of "Production" (which can, of course, include the Conceptual Design and the Drawing Office functions, for example) a range of Quality Assurance elements support the end product.

These elements consist of, but are not limited to:

- Self Inspection Records
- Independent Inspection Records
- Personnel Qualification
- Procedure Qualification
- Equipment Qualification
- Measuring, Inspection, and Test Equipment Calibration
- Raising and Resolution of Non Conformity Reports
- Contract Quality Control Plan (PQR) Requirements

- d. **The Quality Control Plans:** ALSTOM draws up the Quality Control Plans for equipment supply. These provide the framework against which quality activities are identified and monitored. The relevant documentation, activities, and specifications are identified on the PQR's, and completion of activities is formally recorded on the PQR's. The type of quality assurance task is defined for each line of the PQR, viz.:

V = Verification of a Quality Status

(for example, that NDE operators are qualified to carry out the designated procedure)

- R = Report Required**
(for example, the results of a chemical analysis)
- N = Notification Point**
(for example, that a test is due to take place shortly, e.g., ultrasonic examination). This gives the notified company the opportunity to attend, or waive attendance. In either case, reports are issued.
- H = Hold Point**
Notification Point but Work may not continue until formal release to proceed is given by the notified company.

- e. Quality Control Operations Submitted to the Customer (AQSC's): Each of the PQR's which ALSTOM uses to control the product quality has space on the form for the identification of customer involvement. This can be any of the three (3) definitions R, N or H described above. In practice, client involvement is normally for the provision of documentary records, together with some Notification Points (for example, to enable the customer to attend the high-speed balance and over-speed testing of a rotor).

For manufacture, all the customer requirements are collated onto the AQSC, which not only forms a convenient summary, but also acts as the "Index" for the dossier of all the quality documentation which is submitted to the customer at the end of the contract (End of manufacture Report).

Records of turbine assembly (i.e., shop build) are collated in a separate dossier which is made available to ALSTOM Technical Service Engineers, and to IPSC. This dossier contains records of all the "design" and "actual" dimensions and clearances necessary to install the unit on a site.

- f. The enclosed Summary of Quality Control Actions identifies each quality control point and the respective required action.

9. Extra Work or Changes by IPSC: IPSC reserves the right at any time before final acceptance of the entire Work to request ALSTOM to perform extra Work, furnish extra material or equipment, or to make changes altering, adding to, or deducting from the Work, without invalidating the Contract. Changes shall not be binding upon either IPSC or ALSTOM unless made in writing in accordance with this Article.

Changes will originate with the Chief Operations Officer who will transmit to ALSTOM a written request for a Proposal covering the requested change, setting forth the Work in detail, and including any required supplemental plans or specifications. Upon receipt of such request, ALSTOM shall promptly submit in writing to the Chief Operations Officer a Proposal offering to perform such change, a request for any required extension of time caused by such change, and an itemized statement of the cost or credit for the proposed change. Failure of ALSTOM to include a request for extension of time in the Proposal shall not constitute conclusive evidence that such extra Work or revisions will entail no delay and that no extension of time will be required.

If ALSTOM's Proposal is accepted by IPSC, a written change order will be issued by the Chief Operations Officer stating that the extra Work or change is authorized and granting any required adjustments of Contract price and of time of completion.

The performance of extra Work or changes pursuant to change order shall be in accordance with the terms and conditions of these specifications. No extra Work shall be performed or change made unless pursuant to such written change order, and no claim for an addition to the Contract price shall be valid unless so ordered.

10. Changes to Facilitate Work at Request of ALSTOM: Changes may be made to facilitate the Work of ALSTOM. If ALSTOM requests a change for reasons other than as a result of changed or unknown conditions or delays due to Work of IPSC or others under IPSC's control, then such changes may only be made without additional cost to IPSC and without extension of time. Permission for such changes shall be requested in writing by ALSTOM to the Chief Operations Officer. If changes are required by ALSTOM as a result of changed or unknown conditions or delays due to Work of IPSC or others under IPSC's control, ALSTOM shall promptly advise IPSC of such need for change and the parties shall agree upon an equitable adjustment in price and schedule as may be necessary to overcome the effect of such change.
11. Schedule and Extensions of Time: Delivery shall be completed within the times and by the dates specified. Time for delivery shall not be extended except as provided in this Article.

If ALSTOM makes a timely written request in accordance with this Article, the time for delivery and price for the Work will be extended/increased as necessary to overcome the effect of such delay of the Work which is: (1) authorized in writing by the Chief Operations Officer, or (2) to the extent caused by IPSC or others under its control, or (3) due to unforeseeable causes (such as war, strikes, or natural disasters) and which delay is beyond the control and without the fault or negligence of ALSTOM and subcontractors.

ALSTOM shall promptly notify the Chief Operations Officer in writing when ALSTOM could have been reasonably expected to recognize that such delay has occurred, of its cause, its effect on the whole Work, and the extension of time and, to the extent a delay is attributable to IPSC, IPA, or the Operating Agent or others under its control the increase in price, claimed. Failure of ALSTOM to provide such written notices prior to final payment and to show such facts shall constitute conclusive evidence that no excusable delay has occurred and that no extension of time is/was required.

The Chief Operations Officer will ascertain the facts and the extent of the delay and will extend the time for delivery when the findings of fact justify such an extension. The Chief Operations Officer's determination will be final subject to ALSTOM's right to protest the decision as stated in Article 12, Protests and Claims of the General Conditions.

In the event of a delay in delivery which is attributable to the fault of ALSTOM (which for the avoidance of doubt shall include delay attributable to ALSTOM's subcontractors and subsuppliers) then ALSTOM shall pay liquidated damages to IPSC in accordance with the liquidated damages provisions of the Contract. Liquidated damages payable under

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the Contract shall be paid by ALSTOM in full and final satisfaction of ALSTOM's liability and as IPCS's, IPA's, and the Operating Agent's sole remedy for the act or default for which they are payable.

12. Protests and Claims: If ALSTOM considers any demand of the Chief Operations Officer to be outside of the requirements of the Contract, or considers any amount of payment, or any record, ruling, or other act or omission by the Chief Operations Officer to be unreasonable, ALSTOM shall promptly deliver to the Chief Operations Officer a written statement of the protest and of the amount of compensation claimed.

Upon written request by the Chief Operations Officer, ALSTOM shall provide supporting documentation and records of evidence relating to the claim or protest.

Upon review of the protest, claim, and evidence, the Chief Operations Officer will promptly advise ALSTOM in writing of the final decision which will be binding on all parties subject to ALSTOM's right to seek remedy in courts having jurisdiction over this Contract, provided that ALSTOM shall have advised IPSC of its intent to seek such legal remedy within thirty (30) days of any such final decision by the Chief Operations Officer on behalf of IPSC.

13. Limitation of Liability: It is understood and agreed that the Intermountain Power Agency will be the party solely liable to ALSTOM for payments under this Contract and for any breaches, defaults, or for any torts in the performance of this Contract by IPA or the Operating Agent or IPSC or any officers, agents, or employees thereof, and ALSTOM hereby expressly covenants and agrees that no suit shall be brought by ALSTOM against the Operating Agent or IPSC or their officers, agents, or employees or any of the purchasers of power from IPA, but that all rights or remedies that ALSTOM may have or that may arise shall be asserted by ALSTOM solely against IPA.

Except for ALSTOM's obligations under Division F1, Article 3, INDEMNITY, ALSTOM's and affiliated companies' aggregate liability to IPA, IPSC, and Operating Agent on all claims of any kind, whether based on Contract warranty, tort (including negligence), strict liability, or otherwise, for all losses or damages arising out of, connected with or resulting from, this Contract, its performance or breach (including indemnity, warranty and any liquidated damages) shall not exceed the Contract price. No action, regardless of form, arising out of the transactions under this Contract may be brought by IPA, IPSC, or the Operating Agent more than one (1) year after the cause of action has accrued.

IN NO EVENT, WHETHER AS A RESULT OF BREACH OF CONTRACT, WARRANTY, INDEMNITY, TORT (INCLUDING NEGLIGENCE), STRICT LIABILITY, PROFESSIONAL LIABILITY, PRODUCTS LIABILITY, CONTRIBUTION OR OTHERWISE, SHALL ALSTOM OR AFFILIATED COMPANIES BE LIABLE TO IPSC, IPA, OR THE OPERATING AGENT FOR INDIRECT, SPECIAL, INCIDENTAL, OR CONSEQUENTIAL DAMAGES WHETHER IN OR ON ACCOUNT OF FAILURE OF REMEDY OR OTHERWISE INCLUDING BUT NOT LIMITED TO: LOSS OF PROFITS OR REVENUE; LOSS OF DATA; LOSS OF USE OF EQUIPMENT OR TECHNOLOGY; DAMAGE TO OTHER TANGIBLE PROPERTY OF IPSC, IPA, OR THE OPERATING AGENT; COST OF CAPITAL; COST OF SUBSTITUTE EQUIPMENT, SERVICES OR

FACILITIES; DOWNTIME COSTS; COST OF REPLACEMENT STEAM OR ELECTRIC POWER OR CLAIMS OF CUSTOMERS OR THIRD PARTIES FOR SERVICE INTERRUPTIONS; DELAYS OR CLAIMS OF CUSTOMERS OR THIRD PARTIES FOR SUCH DAMAGES, PROVIDED THAT FOR PURPOSES OF THIS CLAUSE, DIRECT DAMAGES TO IPSC, IPA, OR THE OPERATING AGENT'S PROPERTY CAUSED BY ALSTOM'S NEGLIGENCE OR AS A RESULT OF PRODUCT LIABILITY SHALL NOT BE CONSTRUED AS CONSEQUENTIAL DAMAGES.

Subject to ALSTOM's limitation of liability as set forth above, ALSTOM shall at all times, take adequate precautions to protect IPA, IPSC, and the Operating Agents property. ALSTOM shall, at its option and taking into account IPSC's need to operate, repair, replace or reimburse IPA, IPSC, and the Operating Agent for any damage to equipment or property of IPA, IPSC, and the Operating Agent to the extent arising out of ALSTOM's negligent acts or omissions or that may arise as a result of ALSTOM's product liability.

The limitation of ALSTOM's liability and exclusion of indirect, special, incidental, or consequential damages, as provided for in paragraphs above, shall prevail over any conflicting or inconsistent provisions contained in any of the documents comprising this Contract.

14. Independent Contractor: ALSTOM shall perform said services as an independent contractor in the pursuit of its independent calling, is not an employee, agent, joint venturer, partner, or other representative of IPSC or the Operating Agent and shall be under the control of IPSC only to provide the services requested and not as to the means or manner by which the Work is to be accomplished. ALSTOM has no authority to act for, bind, or legally commit IPA, IPSC, or the Operating Agent in any way.
15. Termination : If ALSTOM becomes insolvent, or a petition for a winding-up order should be filed against ALSTOM, or if ALSTOM should make a general assignment for the benefit of creditors, or if a receiver should be appointed due to the insolvency of ALSTOM, or if ALSTOM should otherwise violate any material provisions of the Contract and fails to initiate a cure for such violation within a reasonable period of time (in no event less than 20 days) after receiving a notice in writing from IPSC specifying the violation and the need for cure, then IPSC, after giving ALSTOM seven (7) days' written notice, may terminate the Contract in whole or in part. In the event of such a termination, IPSC may use all or part of ALSTOM's equipment and materials which are on the Work site and may finish the Work by whatever method IPSC may deem expedient. (In such event, ALSTOM will not be entitled to receive any further payment hereunder until the Work is finished.) Any sums reasonably incurred by IPSC in completing the Work itself or by another contractor in excess to the Contract Price shall be paid by ALSTOM to IPSC. If the unpaid balance of the Contract Price exceeds the expense of finishing the Work, such excess shall be paid to ALSTOM.

For the avoidance of doubt IPSC shall not be entitled to terminate the Contract for any act or default for which liquidated damages are provided as the applicable remedy under the Contract.

PART E - DIVISION E2**ADDITIONAL GENERAL CONDITIONS**

1. **Warranty:** ALSTOM warrants that all Work shall be (1) suitable for use as an HP Turbine in the electrical generating unit in the plant for which it is intended; (2) free of nonconformities in material and workmanship and performed in a good and workmanlike manner; and (3) shall conform to requirements of this Contract. These warranties shall extend for twenty-four (24) months after initial electrical synchronization of the Work or thirty-six (36) months following delivery of the Work, whichever period shall expire first (the "Warranty Period").

Due to operational priorities, access to turbine components for warranty adjustments shall be at the discretion of IPSC.

IPSC will retain the right to operate the components and equipment provided under these specifications regardless of any outstanding warranty issues. ALSTOM shall be released from any additional claims for damage incurred as direct result of such continued operation. Warranty obligations for defects not attributable to such continued operation shall remain the responsibility of ALSTOM.

ALSTOM shall provide a schedule identifying any maintenance procedures or testing/inspection required to maintain these warranty provisions.

Should any failure to conform with the applicable warranties appear during the specified periods, ALSTOM shall correct such nonconformity, at its option, by repair, reperformance, or replacement of the nonconforming Work F.O.B. Contract delivery point. If such correction is impractical or impossible ALSTOM shall refund the purchase price of the nonconforming Work. Notification of alleged warranty nonconformities shall be made promptly upon discovery, but in no event later than thirty (30) days after expiration of the warranty period. Repairs, reperformance, or replacements pursuant to warranty shall not renew or extend the applicable warranty period on the entire Work, provided however, that any such repairs, reperformance, or replacement of any individual component of the Work shall be warranted for twenty-four (24) months from completion of its correction/repair. In no event shall any warranty period, including extension thereto applicable to any component of Work, extend for more than (1) fifty-four (54) months from delivery; or (2) forty-eight (48) months from initial electrical synchronization of the Work, whichever period shall expire first. ALSTOM may, at its option, substitute improved products when replacing any part.

These warranties shall not apply to any Work which (1) has been improperly repaired or altered (other than by ALSTOM); (2) has been subjected to misuse, negligence, or accident; (3) has been installed, commissioned, and used in a manner contrary to ALSTOM's instructions; (4) is comprised of materials provided or design stipulated by IPSC; (5) is used equipment; or (6) has been damaged by or subjected to abrasion, corrosion, chemical attack, poor steam chemistry control, or other conditions outside of good North American operating practice for similar equipment.

DIVISION E2

ADDITIONAL GENERAL CONDITIONS

Correction of nonconformities or refunds of the amounts paid in the manner and for the time provided above, shall be IPSC's exclusive remedy and shall constitute fulfillment of all liabilities of ALSTOM and its subcontractors and affiliates (including any liability for direct, indirect, special, incidental or consequential damage) whether in warranty, contract, negligence, tort, strict liability, or otherwise with respect to any nonconformance of or nonconformity or deficiency in the Work supplied.

THE FOREGOING WARRANTIES ARE EXCLUSIVE AND IN LIEU OF ALL OTHER WARRANTIES OF QUALITY AND PERFORMANCE AND RESULTS, WRITTEN, ORAL, OR IMPLIED, AND ALL OTHER WARRANTIES INCLUDING ANY WARRANTY OR RESULTS OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE ARE HEREBY DISCLAIMED BY ALSTOM AND ALL EQUIPMENT MANUFACTURERS.

2. Payment: Payment will be made within thirty (30) calendar days after delivery and receipt of the invoice. Payment shall occur as specified within the bid payment schedule submitted and identified in Division E2, Page E2-2, Section 3.

Overdue payments are subject to a late charge, calculated from the date of invoice to the date of payment, equal to the lesser of 1.5 percent per month or the highest applicable rate allowed by law.

In the event IPSC fails to make any payment within thirty (30) calendar days of the date of any invoice becoming due and payable, ALSTOM shall be entitled to give written notice to IPSC requiring payment. If IPSC fails, without valid cause under the terms of the Contract, to make payment within fourteen (14) calendar days of receipt of such notice, then ALSTOM shall be entitled to suspend performance of the Work and to obtain an extension of time and costs as a result of such.

ALSTOM proposes that this Contract is subject to stage payments, at mutually agreed milestones.

The ALSTOM tender prices as detailed in the proposal form are based on items a and b below:

- a. IPSC will make progress payments in accordance with a self-financing progress schedule.
- b. Payment will be made by wire transfer within thirty (30) days of receipt of invoice.

ALSTOM is totally flexible over Terms of Payment, and should any arrangement different from the above be required, we would be pleased to discuss this with you.

3. Supply and Installation of Equipment on a Fixed Price Basis: ALSTOM proposes that the following payment points shall apply to the HP Turbine Replacement Contract.
- a. First Payment: 20 percent of each unit contract price payable within one (1) month of ordering the HP rotor forging.

DIVISION E2

ADDITIONAL GENERAL CONDITIONS

- b. Second Payment: Further 20 percent of each unit contract price payable within one (1) month of certification of commencement of rotor machining.
 - c. Third Payment: Further 20 percent of each unit contract price payable within one (1) month of certification of completion of fitting blades to the rotor.
 - d. Fourth Payment: Further 20 percent of each unit contract price payable within one (1) month of certification of completion of rotor balancing and trial build.
 - e. Fifth Payment: 10 percent of each unit contract value payable within one (1) month of receipt of the equipment at the Intermountain plant.
 - f. Sixth Payment: 10 percent of each unit contract price payable within two (2) months of initial resynchronization of the unit following retrofit installation.
4. Taxes: ALSTOM prices do not include any federal, state or local property, privilege, sales, service, use, excise, value added, or other like taxes which may now or hereafter be applicable to, measured by, or imposed upon or with respect to this transaction, the property, its purchase, sale, replacement value or use, or any services performed in connection therewith. IPSC agrees to pay or reimburse ALSTOM, its subcontractors or suppliers for any such taxes which ALSTOM, its subcontractors or suppliers are required to pay, collect, or withhold. Such taxes shall be shown as a separate line item on ALSTOM's invoices.
- Notwithstanding the above ALSTOM shall arrange for goods to clear customs formalities and pay customs duties and charges in accordance with the delivery term DDP Jobsite (as specified by Incoterms 1990).
- Transfer of title to goods shall pass upon delivery to the IPSC jobsite.
5. Regulations, Permits, Licenses, and Warrants: ALSTOM shall comply with all applicable federal, state, and local regulations pertaining to safety including, but not limited to, Federal and State OSHA, as said regulations relate to this Contract. In addition, ALSTOM shall ensure that all permits, licenses, and warrants required in ALSTOM's name and relating to the Contract be acquired.
6. Letters to IPSC: All letters pertaining to performance of the Contract shall be addressed as follows:

S. Gale Chapman
President and Chief Operations Officer
Intermountain Power Service Corporation
850 West Brush Wellman Road
Delta, UT 84624-9546

Attention: Contract Administrator

Regarding Contract No. 45510

PART F - DIVISION F1**DETAILED SPECIFICATIONS - SPECIAL CONDITIONS**

1. **Printed Documents:** All printed documents including drawings and instruction books, if applicable, shall be in the English language. All units of measurement shall be in the English foot-pound-second system.
2. **Delivery Arrangements:** After date of award of Contract and prior to delivery, ALSTOM shall familiarize itself with the unloading facilities at the delivery point set forth in the Proposal Schedule, either by personal inspection or by contacting the Contract Administrator at (435) 864-4414.
3. **Indemnity:** To the extent of its negligence, ALSTOM undertakes and agrees to indemnify, hold harmless, and at the option of the Intermountain Power Agency, defend Intermountain Power Agency, Intermountain Power Service Corporation, Los Angeles Department of Water and Power, and any and all of their boards, officers, agents, representatives, employees, assigns and successors in interest (to the extent that ALSTOM has agreed to such assigns and successors in accordance with the provisions of this Contract) (hereinafter "Indemnified Parties") from and against any and all suits and causes of action, claims, charges, costs, damages, demands, expenses (including, but not limited to, attorneys' fees and cost of litigation), judgments, civil fines and penalties, liabilities or losses related to the death, bodily injury or personal injury to any person, including ALSTOM's employees and agents, or damage or destruction, to any third party tangible property in any manner arising by reason of or incident to the performance of this Contract on the part of ALSTOM or ALSTOM's officers, agents, employees, or subcontractors of any tier. The obligation of ALSTOM to indemnify Indemnified Parties is conditioned on the Indemnified Parties giving ALSTOM prompt notice of any loss, damage, or claim, and providing ALSTOM a full opportunity to takeover, defend, and approve any settlement thereof. It is the intent of the parties hereto that, where fault, acts, or omissions are determined to be contributory, principles of comparative negligence will be followed and each party shall bear the proportionate cost of any loss, damage, expense, and liability attributable to that party's negligent acts or omissions, except for the sole negligence of IPA, IPSC, LADWP, or their boards, officers, agents, representatives, or employees.

It is the intent of the parties hereto that, where fault, acts, or omissions are determined to be contributory, principles of comparative negligence will be followed and each party shall bear the proportionate cost of any loss, damage, expense, and liability attributable to that party's negligent acts or omissions.

4. **Insurance Requirements:** Prior to the start of Work, ALSTOM shall furnish IPSC evidence of coverage from insurers authorized to do business in the state in which Work will be performed. Such insurance shall be maintained by ALSTOM at ALSTOM's sole cost and expense.

Should any portion of the required insurance be on a "Claims Made" policy, ALSTOM shall, at the policy expiration date following completion of Work, provide evidence that the "Claims Made" policy has been renewed or replaced with the same limits, terms and

conditions of the expiring policy, or that an extended discovery period has been purchased on the expiring policy at least for the Contract under which the Work was performed.

a. Workers' Compensation/Employer's Liability

Workers' Compensation Insurance covering all of the Contractor's employees in accordance with the laws of any state in which the Work is to be performed and including Employer's Liability Insurance, and as appropriate, Broad Form All States Endorsement, Voluntary Compensation, Longshoremen's and Harbor Workers' Compensation, Jones Act, and Outer-Continental Shelf coverages. The limit for Employer's Liability coverage shall be not less than \$1 million each accident and shall be a separate policy if not included with Workers' Compensation coverage. Evidence of such insurance shall be an endorsement to the policy providing for a thirty (30) day prior written notice of cancellation or nonrenewal of a continuous policy to IPSC, by receipted delivery, and a Waiver of Subrogation in favor of IPSC, IPA, and LADWP, its officers, agents, and employees with regard to Workers' Compensation/Employer's Liability only. Workers' Compensation/Employer's Liability exposure may be self-insured provided that IPSC is furnished with a copy of the certificate issued by the state authorizing the Contractor to self-insure. Contractor shall notify IPSC by receipted delivery as soon as possible of the state withdrawing authority to self-insure.

b. Comprehensive General Liability

Comprehensive General Liability with Blanket Contractual Liability, Products and Completed Operations, Broad Form Property Damage, Premises and Operations, Independent Contractors, and Personal Injury coverages included. Such insurance shall provide coverage of \$10 million Combined Single Limit per occurrence and in the aggregate and be specific for this Contract. Umbrella or Excess Liability coverages may be used to supplement primary coverages to meet the required limits. Evidence of such coverages shall be by endorsement to the policy in a form acceptable to IPSC and provide for the following:

- (1) To include IPA, IPSC, LADWP, and their officers, agents, and employees as additional insured with the Named Insured to the extent of ALSTOM's indemnity obligations assumed under the Contract.
- (2) That the insurance is primary and not contributing with any other insurance maintained by IPSC.
- (3) A Severability-of-Interest of Cross-Liability Clause such as: "The policy to which this endorsement is attached shall apply separately to each insured against whom a claim is made or suit is brought, except with respect to the limits of the company's liability."
- (4) That the policy shall not be subject to cancellation, change in coverage, reduction of limits or nonrenewal of a continuous policy, except after

written notice to IPSC by receipted delivery, not less than thirty (30) days prior to the effective date thereof.

c. Comprehensive Automobile Liability

Comprehensive Automobile Liability covering the use of owned, nonowned, hired, and leased vehicles for limits of \$1 million Combined Single Limit per occurrence and in the aggregate. Such insurance shall include Contractual Liability coverage. Policy provisions for additional insureds, primary insurance, Severability-of-Interest, and cancellation shall be the same as described in the Comprehensive General Liability Section. The Comprehensive Automobile Liability coverage may be included with the Comprehensive General Liability coverage.

d. Transportation Floater

ALSTOM shall provide evidence of transport insurance covering the full replacement value of the Work during all phases of transportation between its factories and the IPSC Plant site.

e. Other Conditions

- (1) Failure to maintain and provide acceptable evidence of the required insurance for the required period of coverage shall constitute a major breach of Contract, upon which IPSC may immediately terminate or suspend the Contract, or at its option, procure such insurance and submit a claim against ALSTOM's Performance Bond, deduct the cost thereof, including an administrative charge of two (2) percent, from any monies due ALSTOM, or shall be immediately reimbursed by ALSTOM for such costs upon demand.
- (2) ALSTOM shall be responsible for all subcontractor's compliance with these insurance requirements.

5. Transportation: All shipments of hazardous materials under this Contract shall be handled in accordance with current U.S. Department of Transportation regulations.
6. Safety: ALSTOM agrees that it is familiar with the risks of injury associated with the Work, has reviewed the Work to be performed and the job site with an IPSC representative, and determined that no unusual or peculiar risk of harm exists with regard to the Work to be performed at the job site.
7. Material Safety Data Sheets: ALSTOM shall furnish a Material Safety Data Sheet (MSDS) for all hazardous materials furnished under this Contract. The MSDS shall be furnished to IPSC on, or prior to, the date of the first delivery of the materials or equipment.